

**Bank of America Merrill Lynch
Annual Banking & Insurance CEO Conference
Swiss Life with right strategy to remain
successful in challenging environment**

Bruno Pfister, Group CEO
London, 4 October 2011

Agenda

→ **Swiss Life Group at a glance:
Attractive business portfolio**

MILESTONE:

Working on right levers to increase resilience of business model

Wrap-up:

MILESTONE execution on track



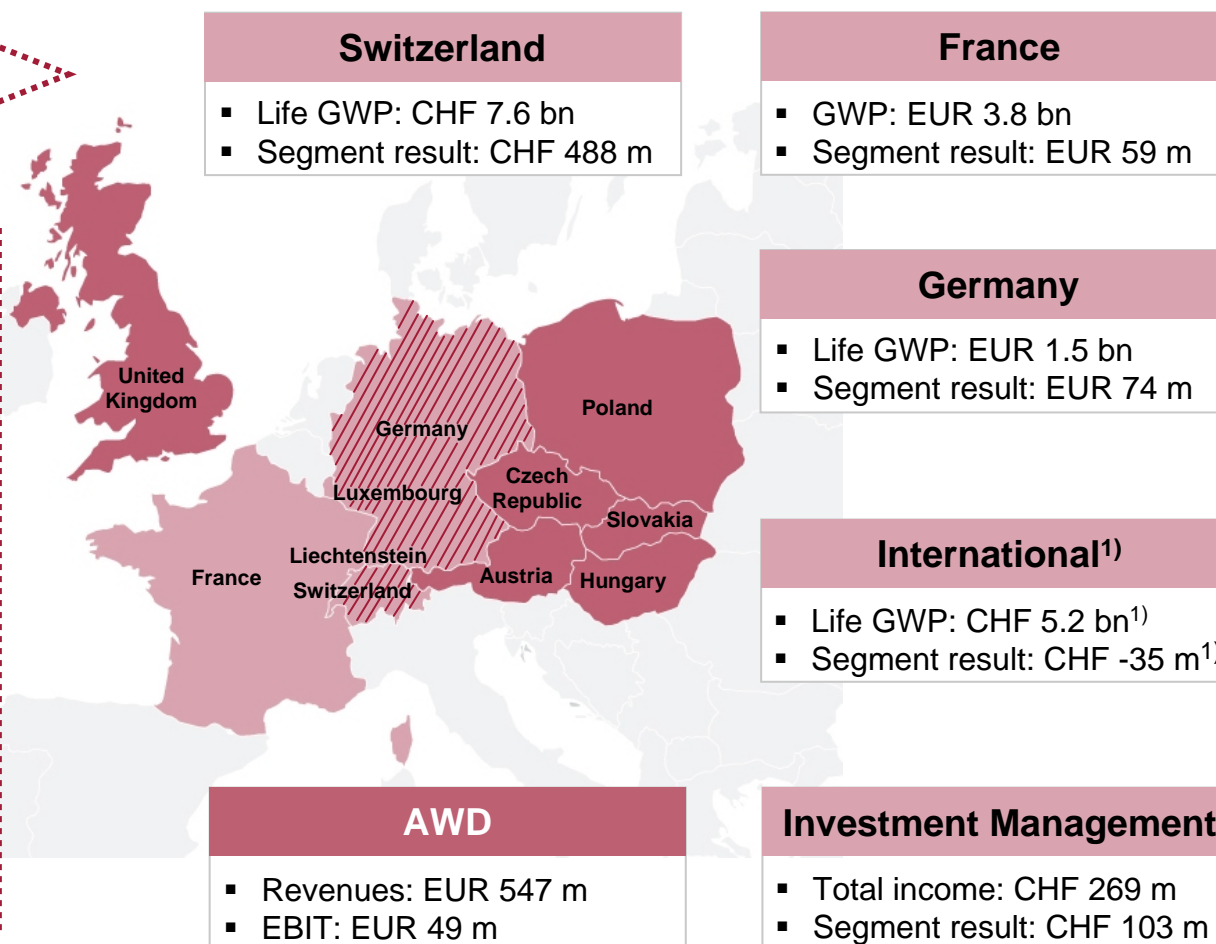
Swiss Life Group: Key figures at a glance

FY 2010

Segment view

Group view

- Leading provider of life insurance and pension solutions
- GWP incl. PHD: CHF 20.2 bn
- Net profit: CHF 560 m
- Profit from operations: CHF 694 m
- Shareholders' equity: CHF 7.4 bn
- Average AuM: CHF 118 bn
- Group MCEV: CHF 7.6 bn
- FTEs: 7 483



1) Insurance International consists of Private Placement Life Insurance (PPLI with locations in Liechtenstein, Luxembourg, Singapore and Dubai), Corporate Solutions Luxembourg, Swiss Life Products and Swiss Life Austria

Swiss Life Group offers an attractive business portfolio...



Switzerland

- Leading position in group life and individual life
- About 1 million clients insured

France

- Niche player in life focusing on affluent customer segment with private insurer strategy
- Top health insurer

Germany

- Leading provider of supplementary disability insurance (BUZ) and occupational pension schemes (BAV)
- Excellent reputation in broker market

International

- PPLI: Leading in providing structured life insurance solutions around the globe
- Corporate solutions: Leading provider of comprehensive employee benefit solutions for multinationals



AWD

- Leading European financial advisor with strong market presence in core markets

Investment Management

- Swiss Life's proprietary and third party asset manager

... with strong market positions in its target segments



FY 2010

	Market position	Opportunities
Switzerland	Individual Life: No 1 Group Life: No 2	<ul style="list-style-type: none"> Inherent growth in Group Life
France	Individual Health: No 2 ¹⁾ Life: No 14 ²⁾	<ul style="list-style-type: none"> Private individual health: a growing need for individuals
Germany	BUZ ³⁾ : a market leader BAV ⁴⁾ : No 7	<ul style="list-style-type: none"> Substantial growth potential in BUZ and BAV remaining
International	PPLI : No 1 in Europe Swiss Life Network: No 1	<ul style="list-style-type: none"> Swiss Life's international footprint beyond domestic markets
AWD	One of the leading IFAs in Europe	<ul style="list-style-type: none"> Growth prospects in IFA model and business and fee contributor for Swiss Life

1) Excl. mutuals 2) Estimate for 2010 3) BUZ: supplementary occupational disability insurance 4) BAV: occupational pension scheme

HY 2011: Key performance metrics further improved



HY 2011 vs HY 2010

Net profit	➔	CHF 403 m	+50%
Profit from operations	➔	CHF 452 m	+9%
New business margin (% PVNBP)	➔	1.6%	+0.7 pts
GWP incl. PHD	➔	CHF 10.1 bn	-13% ¹⁾
Shareholders' equity	➔	CHF 7.5 bn	+1% ²⁾
Return on equity (pro forma ³⁾)	➔	8.7%	+1.4 pts
Group solvency	➔	177%	+5 pts ²⁾

1) Local currency

2) HY 2011 vs FY 2010

3) Excluding positive tax one-off

Agenda

Swiss Life Group at a glance:
Attractive business portfolio

→ **MILESTONE:**
Working on right levers to increase resilience of business model

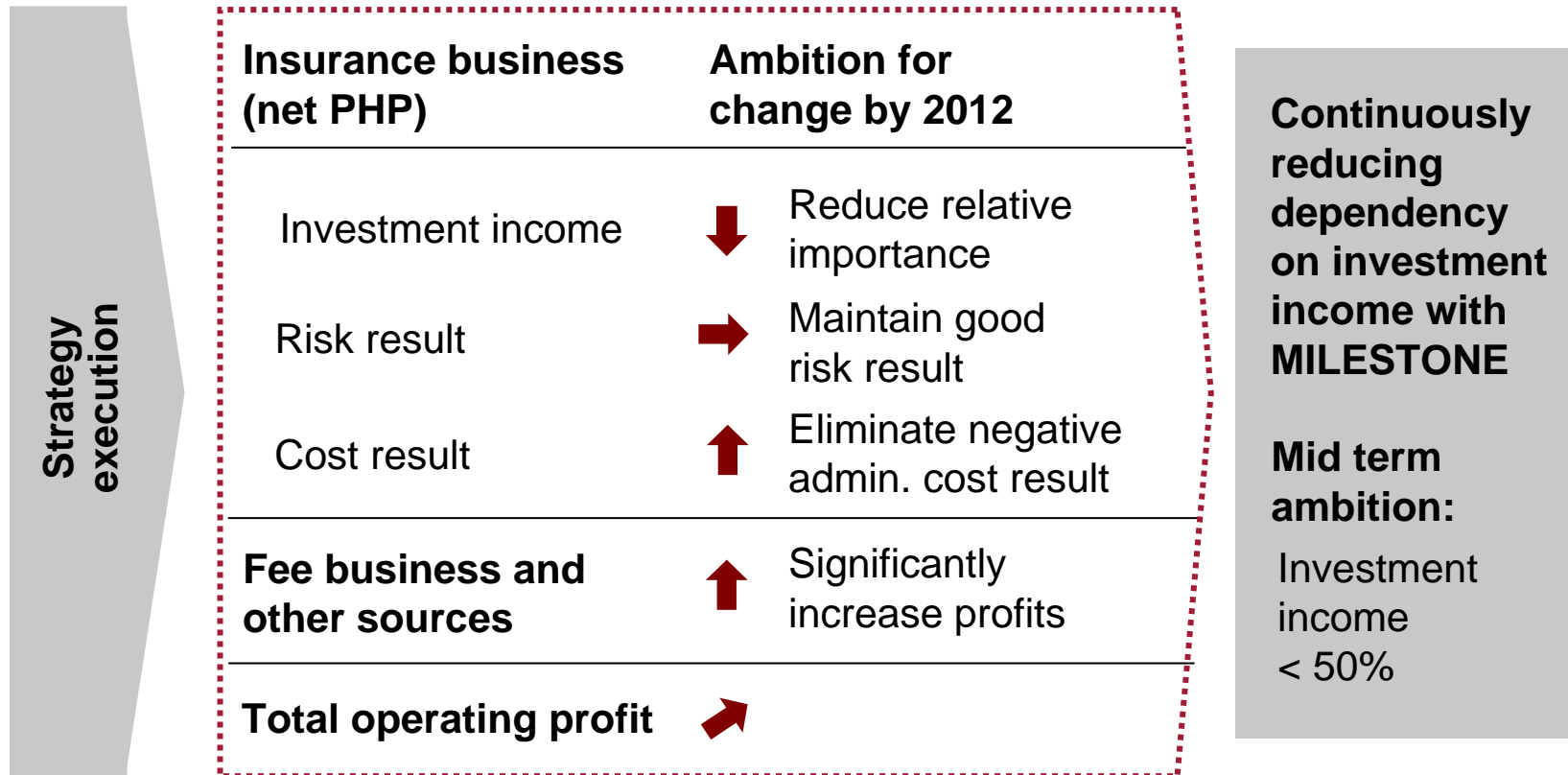
Wrap-up:
MILESTONE execution on track

With MILESTONE working on right levers to increase resilience of business model...

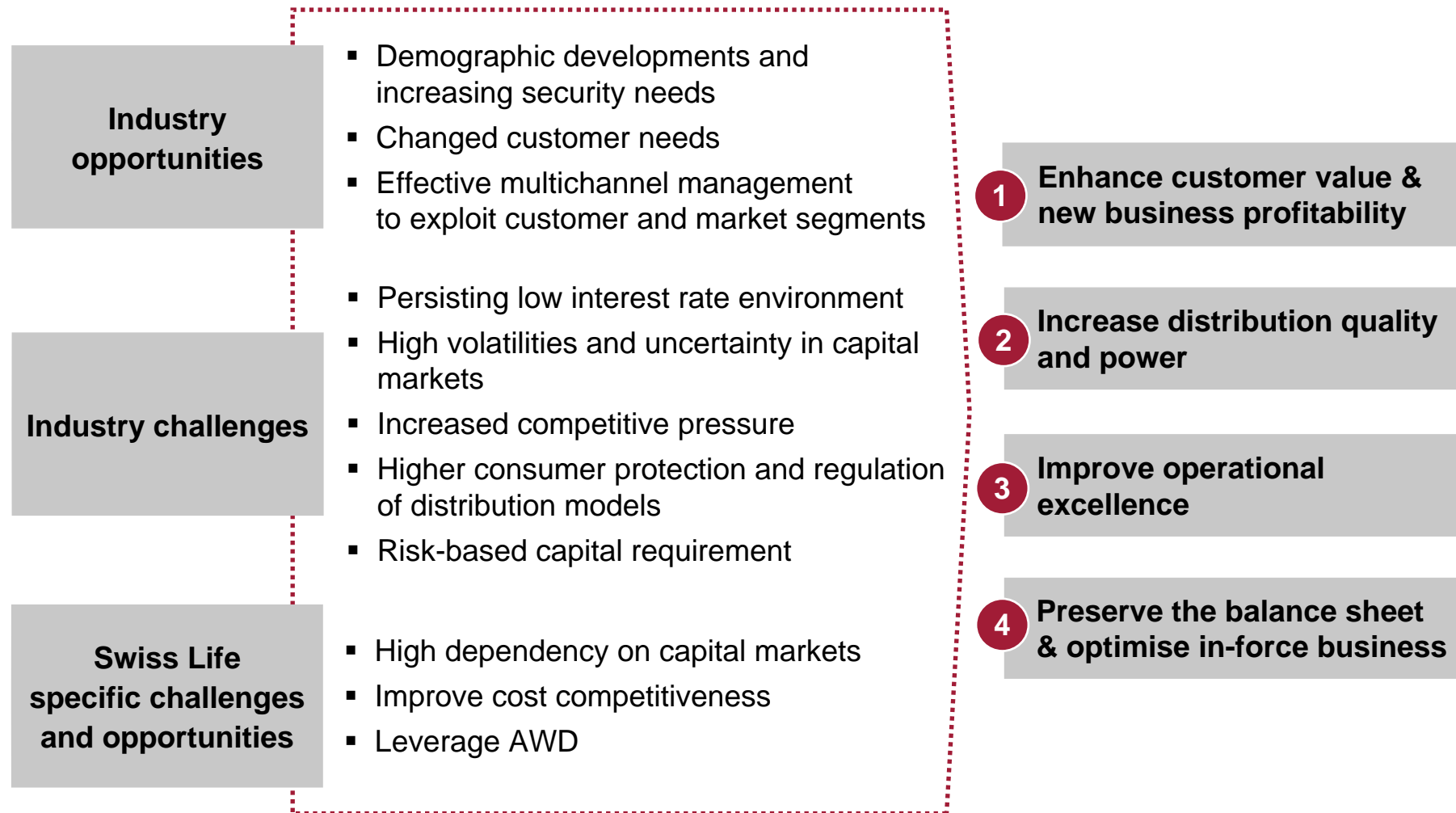


Workstream	Objectives		
1 Enhance customer value & new business profitability	<ul style="list-style-type: none"> Margin management focus: VNB and NBM Drive shift to modern products & promote risk products 	“We are growing – but not at the expense of value”	5 Drive disciplined execution
2 Increase distribution quality and power	<ul style="list-style-type: none"> Optimise distribution channel mix Capture full potential of AWD 	“We are increasing growth in 3rd party channels and AWD”	
3 Improve operational excellence	<ul style="list-style-type: none"> Plan with clear accountabilities to achieve 2012 cost target Eliminate negative cost result and move to continuous improvement 	“We are managing our cost base rigorously and continuously”	
4 Preserve the balance sheet & optimise in-force business	<ul style="list-style-type: none"> Initiatives to optimise profit stream from in-force business and risk capital usage 	“We are actively managing our capital and in-force business”	

... by improving the diversification of the profit sources



Hence, MILESTONE is our answer to the challenging market environment



Successfully working on various levers to achieve desired impact



Measures

Asset side

- De-risking
- Lengthen asset duration

A

Liability side

- Reduce policyholder participation
- Decrease costs
- Repricing new business
- Push risk products

B

Other

- Turnaround AWD
- Shift to modern products
- Leverage Investment Management
- Develop SLI

C

Objectives

Asset side

- Enhance sustainable investment returns
- Preserve investment margin

Liability side

- Strengthen technical results
- Build up policyholder buffers

Other

- Strengthen fee business

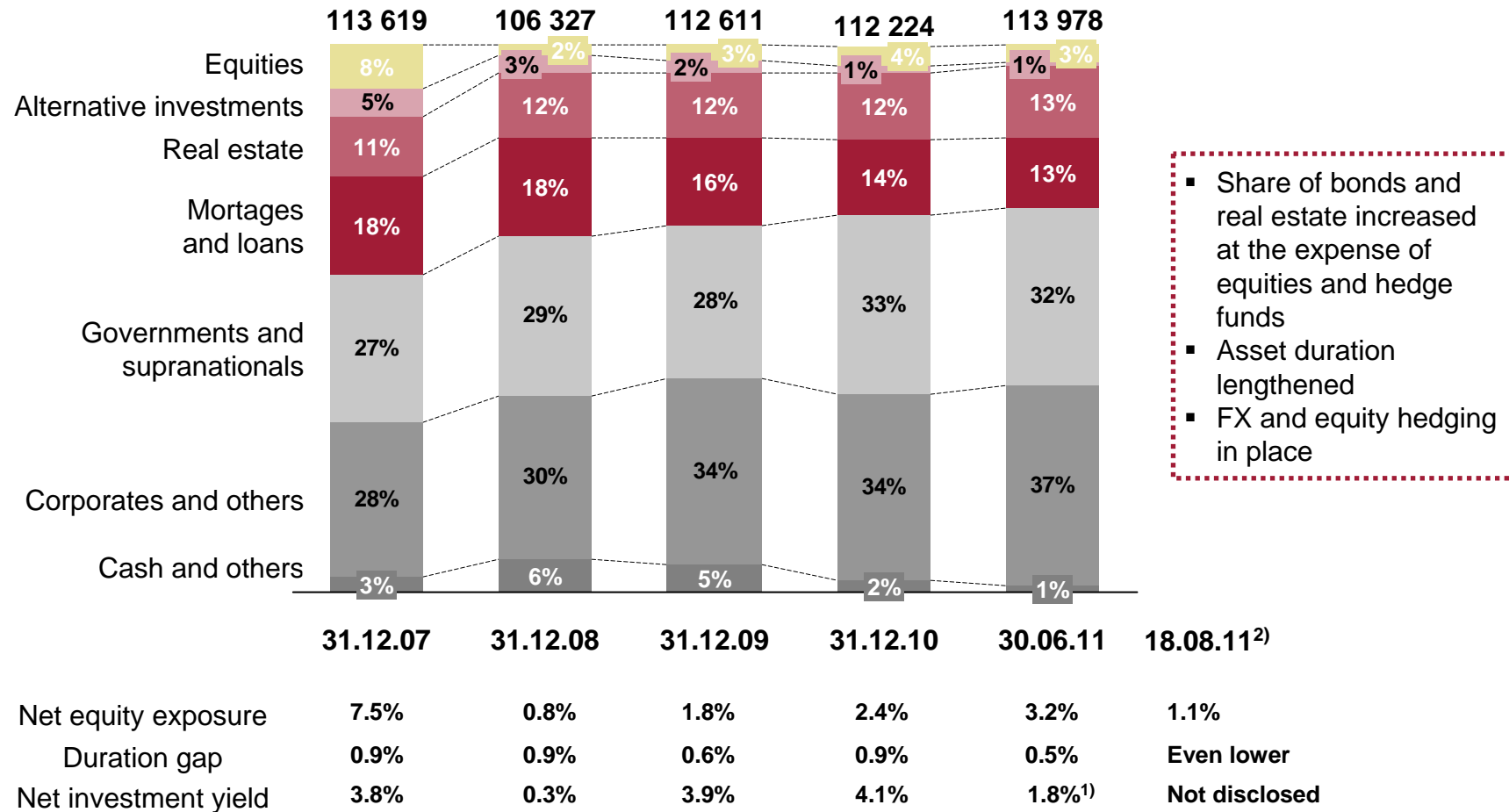
Impact

- Increase earnings quality and improve resilience of business model against:
 - low interest rate environment
 - high volatilities and uncertainty in capital markets
 - high dependency on capital markets

A Asset allocation generates attractive yield despite de-risking



CHF million (fair value basis) insurance portfolio for own risk



1) Non annualized 2) As per HY 2011 disclosure



A Very low exposure to sovereigns under observation

Government and supranational bond portfolio (fair value basis), as per HY 2011, 32.4% of insurance portfolio (CHF 36.9 bn)

% of total government and supranational bond portfolio

Switzerland	25%
France	14%
Germany	12%
UK	7%
Netherlands	6%
Sovereigns under observation	2%
Supranationals	4%
Other	13%
Europe	83%
Canada	7%
US	4%
Supranationals	2%
Other	4%
Rest of the world	17%
Total	100%

In CHF million¹⁾

	FY10 FV ²⁾	HY11 FV ²⁾	31 July 11 FV ²⁾ ACV ³⁾	
Portugal	131	94	77	138
Italy	216	208	137	147
Ireland	186	163	151	218
Greece	48	37	36	34
Spain	214	215	169	193
Total	795	718	570	730

→ As per HY11: Greece impaired to market value

1) Before policyholder/shareholder split and tax 2) Fair value 3) Amortised cost value

A & B Balance sheet measures and in-force business optimisation are effective



Levers to manage in-force business

Release risk capital and optimise profit streams

Increase profit

Interest result

Cost result

Risk result

Other effects

Selected initiatives per country

Achievements 2011

Group

- Capital management
- Reinsurance strategy
- S&P Rating
- Risk mitigations to protect the balance sheet

- Hybrid capital of CHF 500 m raised
- Assumed and ceded reinsurance optimised
- S&P rating outlook enhanced to 'positive'
- Group-wide measures taken to preserve the balance sheet and SST ratio as well as further contingency measures defined

Switzerland



- Risk mitigations to protect the balance sheet
- In-force business commission adjustment

- Measures taken to preserve the balance sheet
 - Interest rate sensitivity reduced
 - Equity exposure reduced
- In-force commission scheme for group life optimised

France



- Risk mitigations to protect the balance sheet
- Pricing adjustments
- Shift to modern on in-force
- Adjust policyholder sharing

- Measures taken to preserve the balance sheet
 - Equity hedging effectiveness improved
- Pricing of all business lines adjusted
- Served rates reduced
- Safeguard clauses introduced

Germany



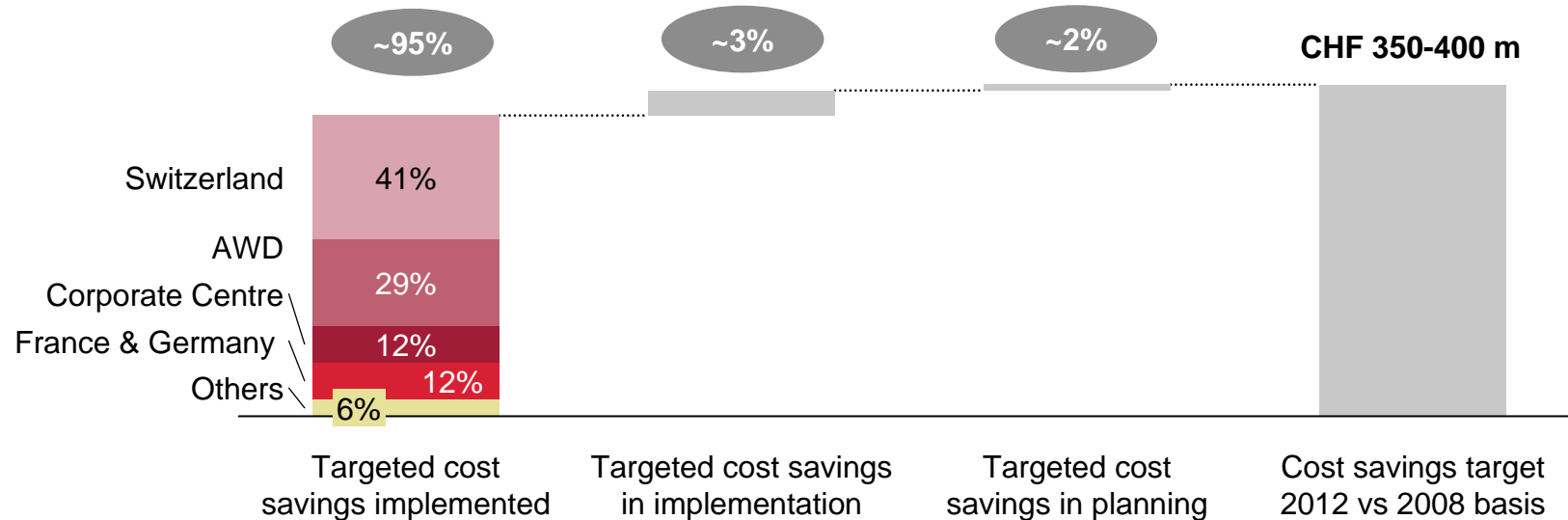
- Risk mitigations to protect the balance sheet
- Manage free 'RfB'

- Measures taken to preserve the balance sheet
 - Interest rate sensitivity reduced
- Measures to enhance free 'RfB' introduced

B 95% of targeted cost savings implemented with clear impact on IFRS P&L



Status of targeted cost savings implemented as per HY 2011 – project view



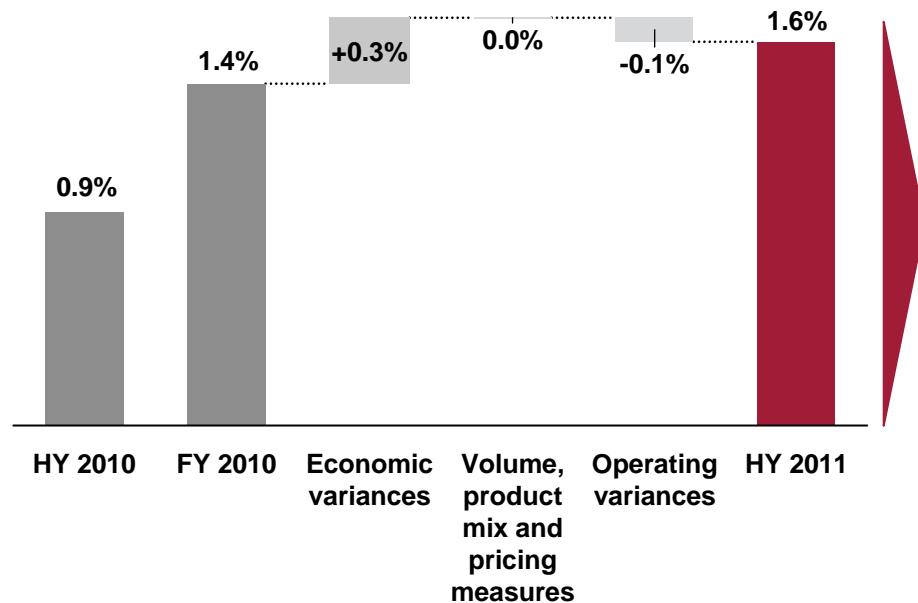
Major achievements

- CH: Additional cost savings of CHF 10 m realised in HY 2011
 - FR & DE: Lean Six Sigma portfolios with 20+ running initiatives, 25 initiatives already closed with a contribution of approx. CHF 1.1 m. Initiatives mainly in the area of Operations & Customer Service followed by IT and Finance
 - FR: Various ongoing initiatives mainly in operations
 - DE: Change of branch office to lower cost location (expected in April 2014)
 - Restructuring costs 2008-HY 2011: CHF 166 m; planned additional restructuring costs until 2012: CHF 10 m
- **Since FY 2008 overall cost savings in the P&L amount to CHF 324 million**

B New business: Margin management puts profitability before growth



New business margin
(VNB as % of PVNBP)



PVNBP	7 863	14 607	6 364
APE	790	1 486	638
VNB	71	209	104
NBM (APE)	9.0%	14.0%	16.2%

Economic variances

- Generally improved capital market conditions:
 - Higher interest rates
 - Lower interest rate volatilities

Volume, product mix, and pricing measures

- Improved product mix across units:
 - CH: Effect of pricing measures, seasonal effect from group life, further shift to modern products
 - FR: Increased share of modern and risk business
 - DE: Ongoing high proportion of risk business
- Ongoing margin management actions offset by difficult market environment in some segments

Operating variances

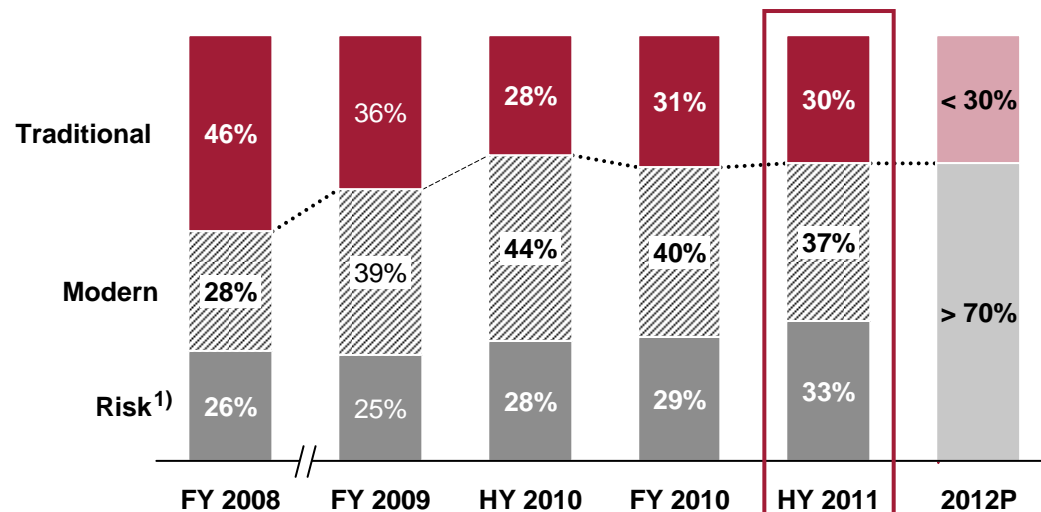
- Slightly better expense experience offset by changed asset allocation and refinements

B & C Increasing share of modern and risk products despite lower PPLI production



SwissLife

New business product mix (based on NBP)



Without PPLI

Traditional	53%	52%	40%	40%	36%
Modern	16%	14%	20%	21%	25%
Risk	31%	34%	40%	39%	39%
Modern & risk	47%	48%	60%	60%	64%

2012 target achieved in HY 2011

- CH: Strong sales of 'SL Champion' products. Tranche of 'SL Premium Select' sold
- FR: Solid growth of risk and health business. Increase in modern products
- DE: Continued strong sales of disability insurance products. Modern Riester launched in January 2011
- SLI: Lower HNWI production mainly due to baseline effect, reorientation in Private Banking and FX rates

Further product modifications/ improvements already put in place

- CH: Additional product modifications, new tranche of structured product launched in July
- FR: Further tranche of structured product sold until August
- DE: Optimised charging structure for modern Riester product

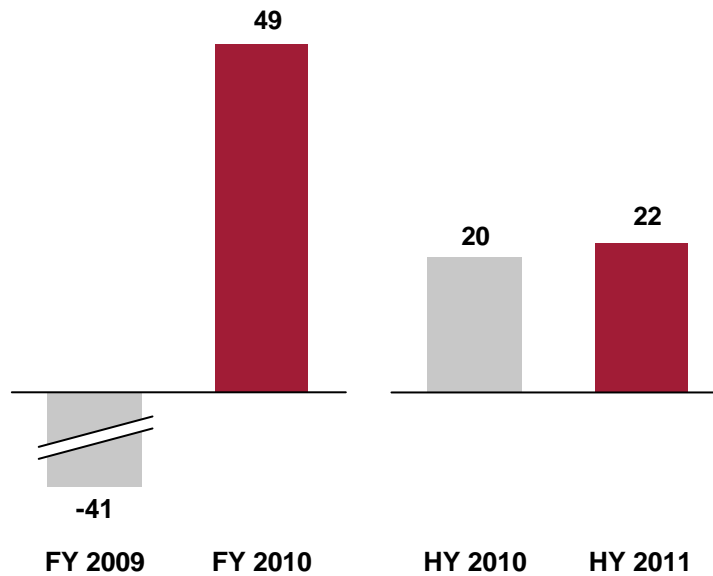
1) Including health

C AWD and Investment Management as substantial fee generators



AWD

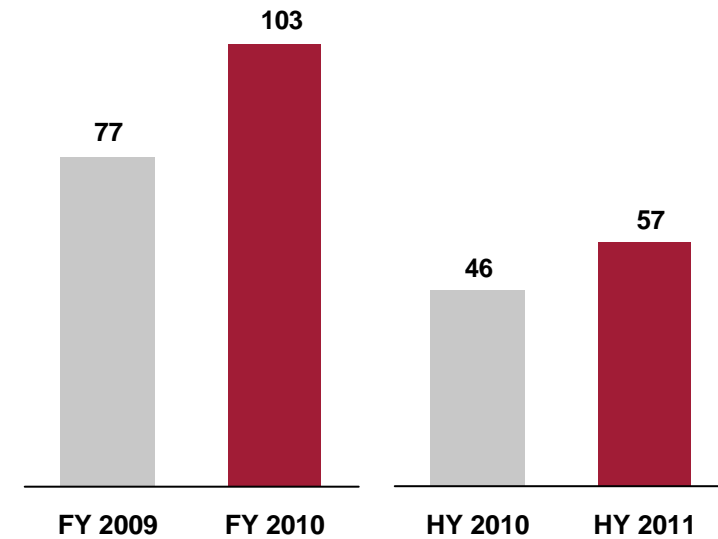
EBIT in EUR million



- AWD turnaround achieved
- EBIT margin significantly improved to 8.2% in HY 2011
- Advisors' productivity increased in difficult market environment

Investment Management

Segment result in CHF million



- IM as stable profit contributor
- Enhanced efficiency due to implementation of new investment administration tool in the course of 2010

Comprehensive measures implemented to improve diversification of profit sources



Objectives

Asset side

- Enhance sustainable investment returns
- Preserve investment margin

A

Liability side

- Strengthen technical results
- Build up policyholder buffers

B

Other

- Strengthen fee business

C

Measures

- Solid and proven ALM: Duration gap kept below 1 year and significantly reduced interest rate sensitivity
 - SAA adjusted: Share of bonds and real estate increased at the expense of equities and hedge funds
 - FX and equity hedging in place
- **Sustainability of investment result enhanced**

- In-force: Policyholder participation reduced
 - Cost base significantly reduced
 - Policyholder buffers and reserves strengthened
 - New business: Share of risk products increased, dynamic product offerings and margin management
- **Technical margins and results improved**

- Successful shift towards modern products
 - Fee income increased
- **Fee income as a profit source strengthened**

Impact

Strengthened resilience of business model

Agenda

Swiss Life Group at a glance:
Attractive business portfolio

MILESTONE:








Working on right levers to increase resilience of business model

→ **Wrap-up:**
MILESTONE execution on track



MILESTONE execution on track

As per HY 2011

	Workstream	Objectives	Status
1	Enhance customer value & new business profitability	<ul style="list-style-type: none"> New business margin > 2.2% > 70% of NBP from modern and risk products 	 
2	Increase distribution quality and power	<ul style="list-style-type: none"> 20–25% share of Swiss Life products in relevant product categories of AWD 	
3	Improve operational excellence	<ul style="list-style-type: none"> CHF 350–400 m reduced cost base vs 2008 	
4	Preserve the balance sheet & optimise in-force business	<ul style="list-style-type: none"> ROE 10–12% Dividend payout ratio 20–40% Comply with SST requirements 	  

5

Drive disciplined execution 

Reporting on achievements, challenges, and actions on ongoing basis

Agenda

Swiss Life Group at a glance:
Attractive business portfolio

MILESTONE:

Working on right levers to increase resilience of business model

Wrap-up:

MILESTONE execution on track

→ **Appendix**



SwissLife

Income statement

CHF million (IFRS basis)

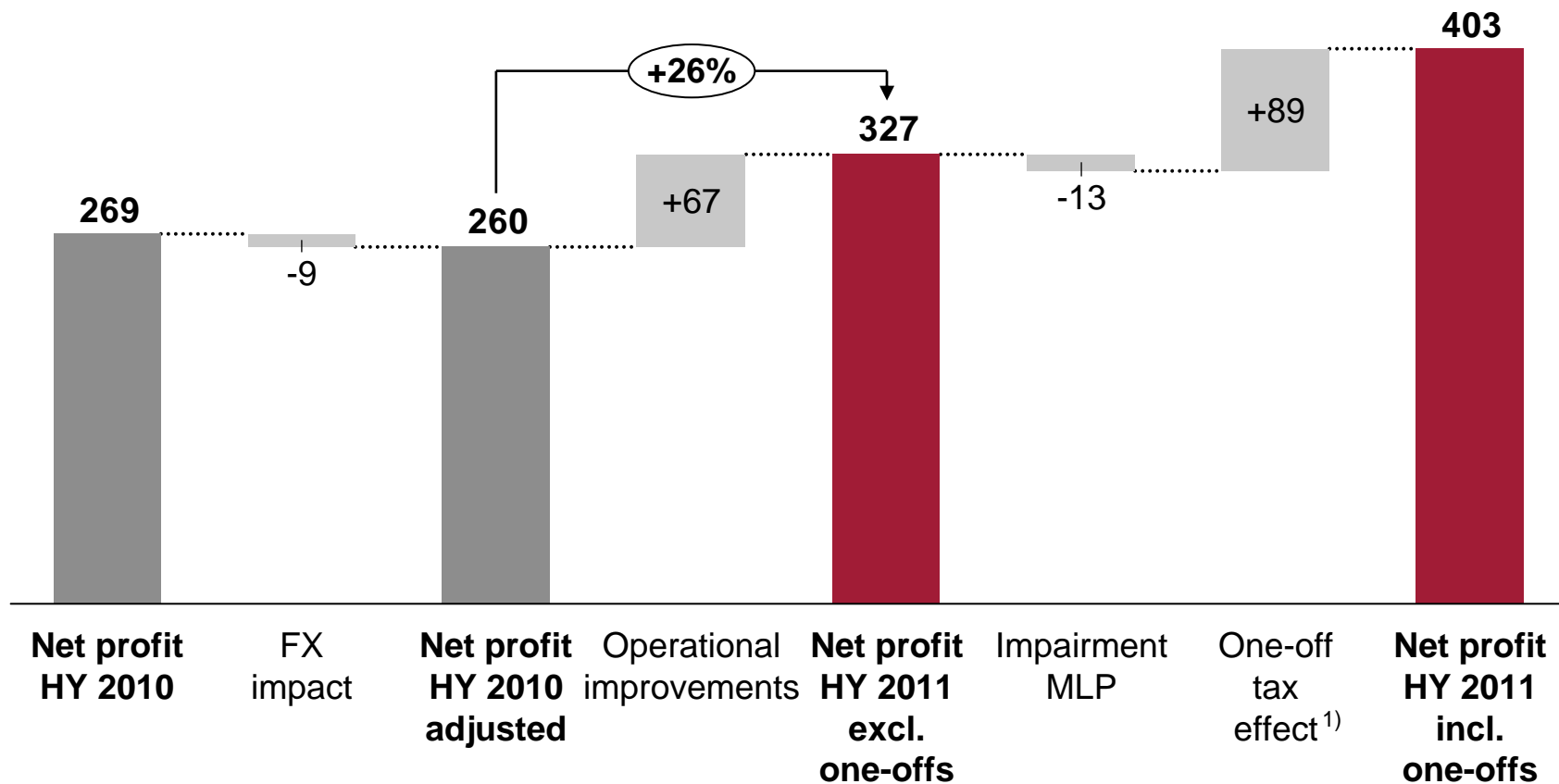
Continuing operations	HY 2010	HY 2011
Gross written premiums, fees and deposits received	12 241	10 104
Commission income	467	405
Financial result for own risk	2 155	2 185
<i>Net investment result insurance portfolio for own risk</i>	<i>2 311</i>	<i>2 083</i>
Net insurance benefits and claims	-7 627	-7 667
Policyholder participation	-762	-747
Operating expense	-1 574	-1 412
Profit from operations	415	452
Borrowing costs	-54	-55
Share of results of associates	2	5
Income tax expense	-94	1
Net profit from continuing operations	269	403
Earnings per share (in CHF) ¹⁾	8.36	12.55

1) Diluted, based on 32 071 198 shares in HY 2011 and 32 022 677 shares in HY 2010



Change analysis of net profit

In CHF million (IFRS basis)

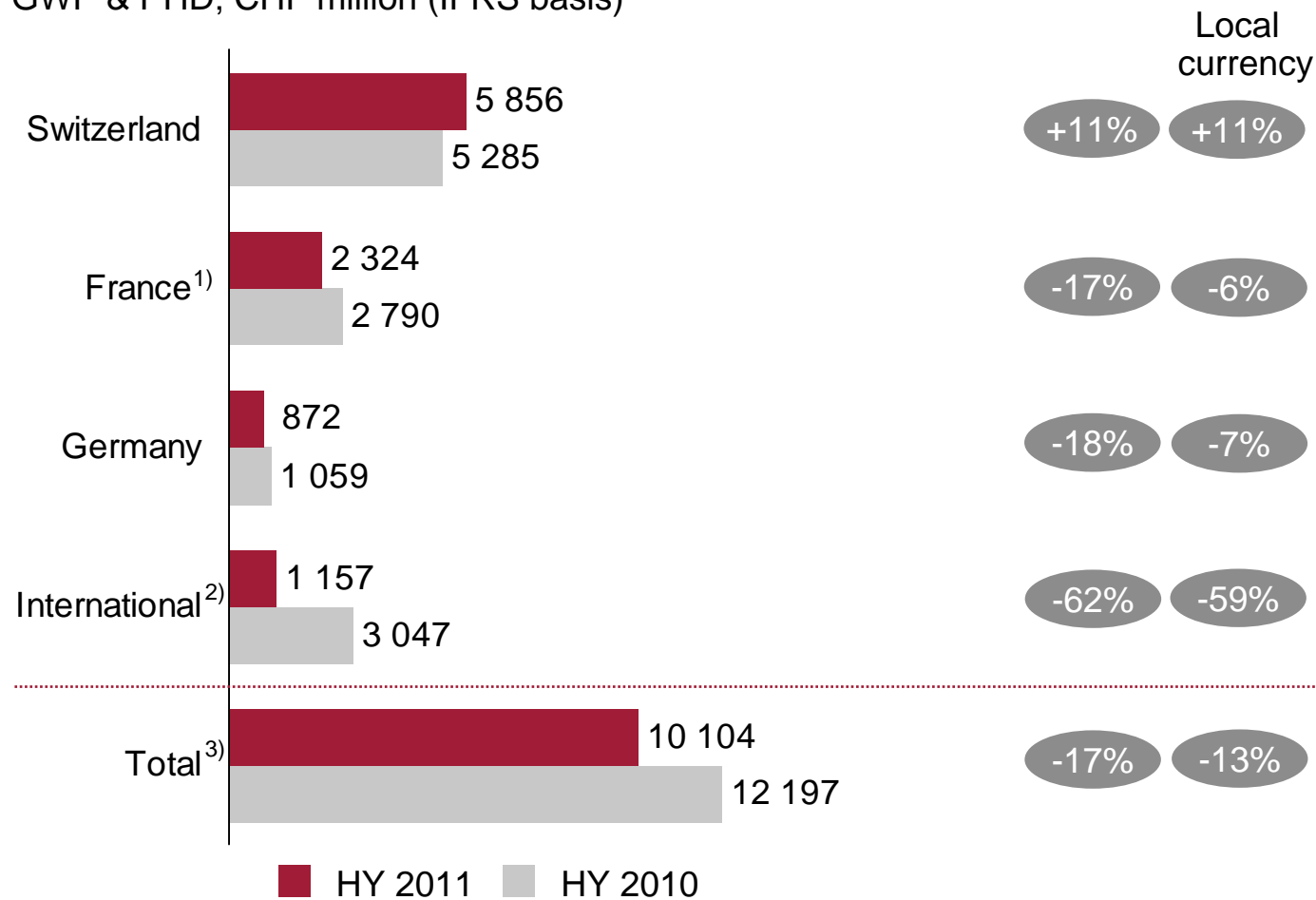


1) Due to disposal of business activities in prior years



Premium growth

GWP & PHD; CHF million (IFRS basis)



1) CMU of EUR 28 m in HY 2010 excluded

2) Includes Private Placement Life Insurance (PPLI), Corporate Solutions Luxembourg (CS) and Swiss Life Products

3) Total includes intersegment eliminations of CHF -128 m in HY 2011, CHF -9 m in HY 2010 and Payment Protection Insurance (PPI) of CHF 23 m in HY 2011, CHF 25 m in HY 2010



Expense development

CHF million (IFRS basis)

	HY 2010	HY 2011	Change
Total operating expense	1 574	1 412	-10% / -162
Commissions and DAC amortisation adjusted ¹⁾	-823	-725	
Operating expense (before FX)	754	687	-9% / -67
Restructuring costs and one-offs	-4	-5	
Currency effect	-51		
Operating expense adjusted	699	682	-2% / -17

Overall cost savings since FY 2008 amount to CHF 324 million

1) Adjustment in HY 2010 due to reclassification of non-variable costs



Operating result

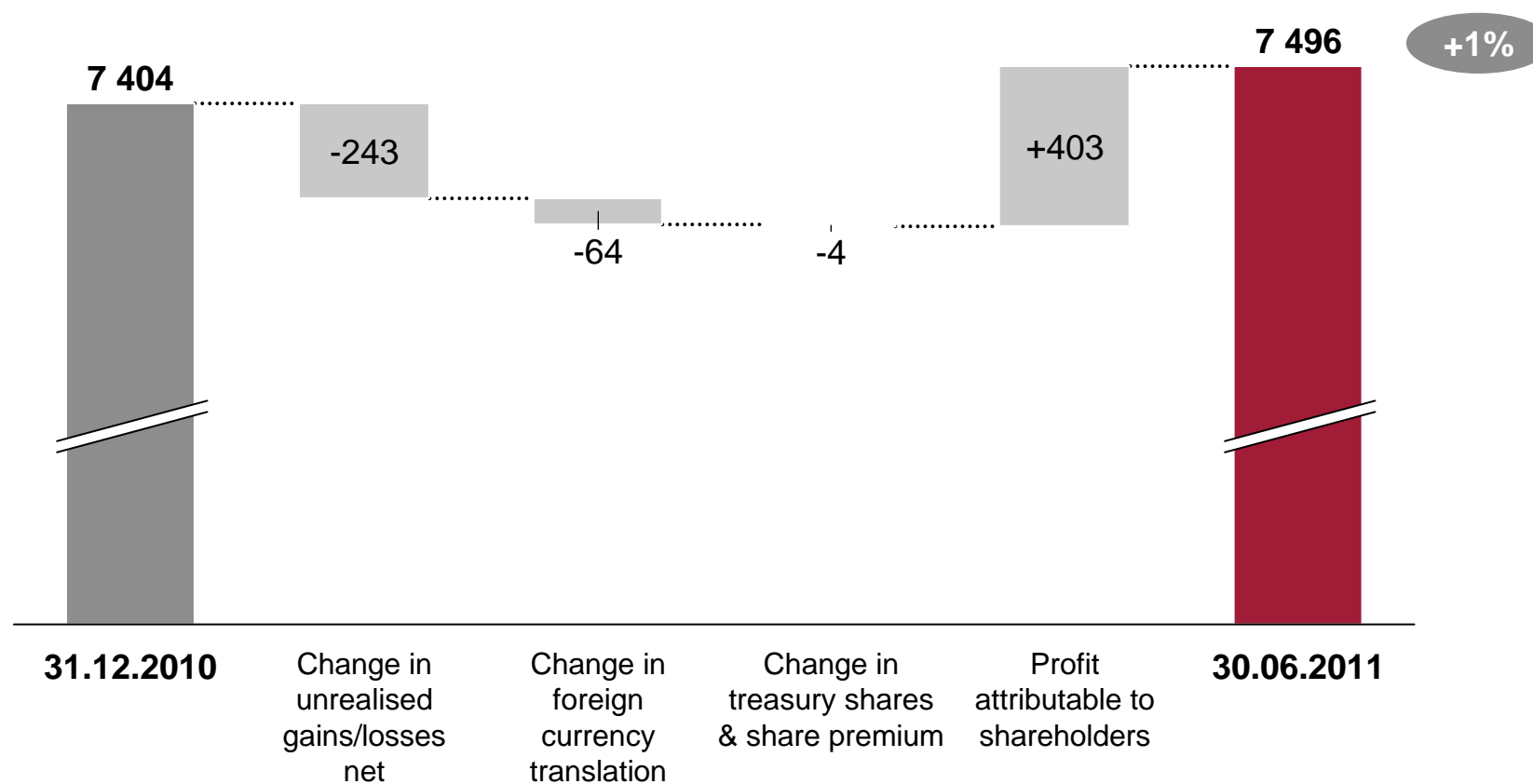
Segment results; CHF million (IFRS basis)

	HY 2010	HY 2011
Insurance	390	404
of which		
- Switzerland	282	291
- France	47	74
- Germany	64	39
- International	-3	0
Investment Management	46	57
AWD	15	16
Other & eliminations	-14	-1
Unallocated corporate costs	-22	-24
Profit from operations	415	452



Development of shareholders' equity

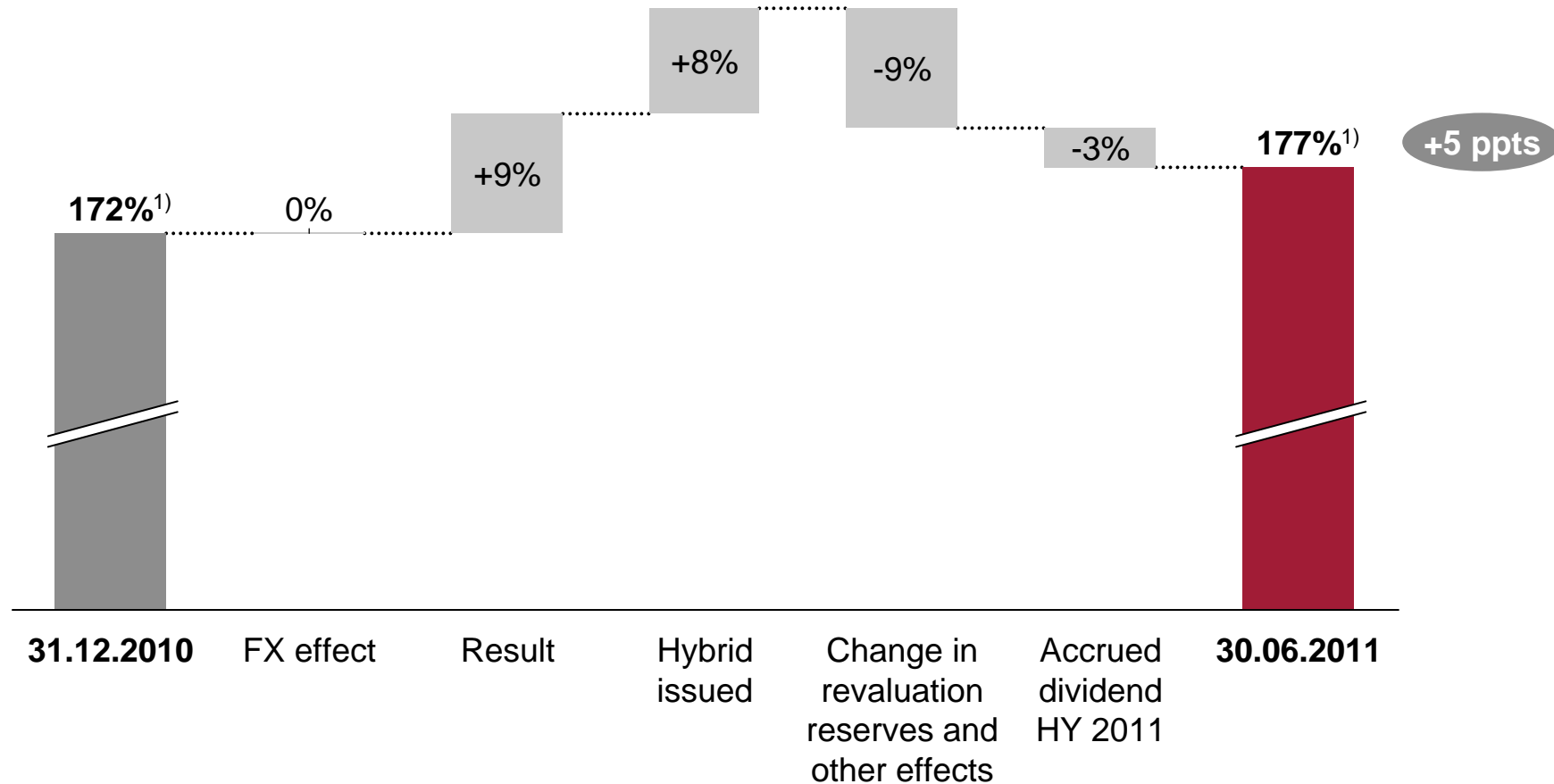
CHF million (IFRS basis)





Group solvency

Based on IFRS equity



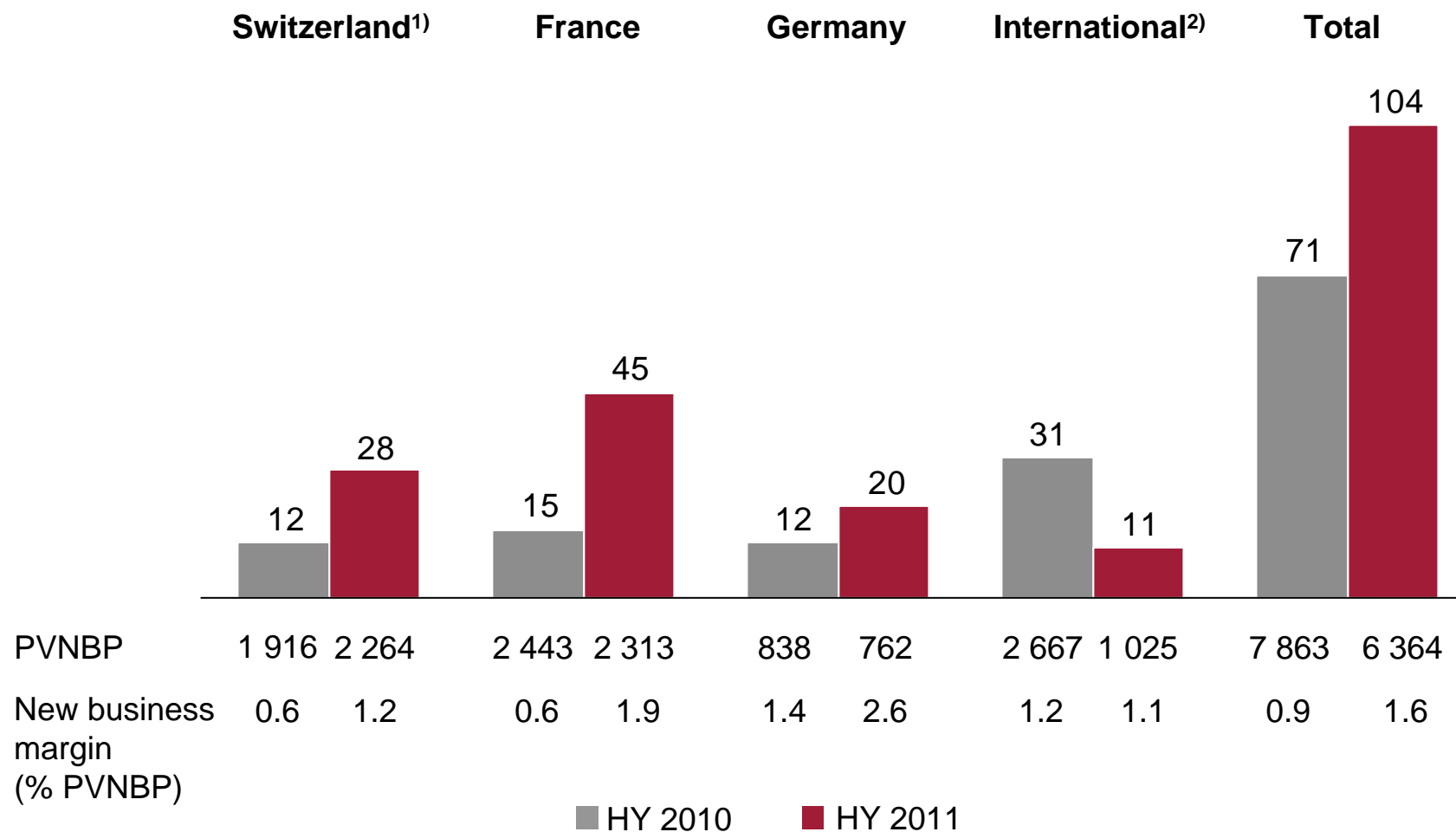
1) Group solvency excluding unrealised gains/losses on bonds: 166% (FY10) and 175% (HY11)



SwissLife

Value of new business

CHF million



1) HY 2011 including assumed reinsurance

2) Includes PPLI and Corporate Solutions Luxembourg

Cautionary statement regarding forward-looking information



This presentation is made by Swiss Life and may not be copied, altered, offered, sold or otherwise distributed to any other person by any recipient without the consent of Swiss Life. Although all reasonable effort has been made to ensure the facts stated herein are accurate and that the opinions contained herein are fair and reasonable, this document is selective in nature and is intended to provide an introduction to, and overview of, the business of Swiss Life. Where any information and statistics are quoted from any external source, such information or statistics should not be interpreted as having been adopted or endorsed by Swiss Life as being accurate. Neither Swiss Life nor any of its directors, officers, employees and advisors nor any other person shall have any liability whatsoever for loss howsoever arising, directly or indirectly, from any use of this information. The facts and information contained herein are as up to date as is reasonably possible and may be subject to revision in the future. Neither Swiss Life nor any of its directors, officers, employees or advisors nor any other person makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this presentation. Neither Swiss Life nor any of its directors, officers, employees and advisors nor any other person shall have any liability whatsoever for loss howsoever arising, directly or indirectly, from any use of this presentation. This presentation may contain projections or other forward-looking statements related to Swiss Life that involve risks and uncertainties. Readers are cautioned that these statements are only projections and may differ materially from actual future results or events. All forward-looking statements are based on information available to Swiss Life on the date of its posting and Swiss Life assumes no obligation to update such statements unless otherwise required by applicable law. This presentation does not constitute an offer or invitation to subscribe for, or purchase, any shares of Swiss Life.

Contact details and financial calendar

Contact

Robert Moser Head of Investor Relations	Phone	+41 (43) 284 67 67
	E-mail	robert.moser@swisslife.ch
Rolf Winter Senior Investor Relations Manager	Phone	+41 (43) 284 49 19
	E-mail	rolf.winter@swisslife.ch

Financial calendar

Interim statement Q3	15 November 2011
Full-year results 2011	29 February 2012
Annual General Meeting 2012	19 April 2012

Visit our website for up-to-date information

www.swisslife.com



SwissLife

The future starts here.